



ANDERSEN®

Incentives
Renewables &
Energy Efficiency

Andersen Global® was established in 2013 as an association of legally separate, independent member firms, with a worldwide presence and comprised of professionals that share a common background and the same vision no matter the location.

Our growth is a byproduct of outstanding client service delivered by our people – the best professionals in the industry. Our objective isn't to be the biggest firm, it is to provide best-in-class client services in a seamless fashion across the globe.

Our professionals are selected based on quality, like-mindedness, and commitment to client service. All of our Andersen Global professionals share our core values.

Andersen Global was established to create an enduring place – ONE FIRM where clients across the globe are afforded the best, most comprehensive tax and legal services provided by skilled staff with the highest standards.

Outstanding client service has and will continue to be our top priority.

Discover all the member firms and collaborating firms of Andersen Global at:
global.Andersen.com

Core Values



Best-In-Class

We aim to be the benchmark for quality in our industry and the standard by which other firms are measured.



Stewardship

We hire the best and the brightest and we invest in our people to ensure that legacy.



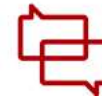
Independence

Our platform allows us to objectively serve as our client's advocate; the only advice and solutions we offer are those that are in the best interest of our client.



Seamless

Our firm is constructed as a global firm. We share an interest in providing the highest level of client service regardless of location.



Transparency

We value open communication, information sharing and inclusive decision making.

04	Foreword
06	I. Overview of the US and EU state aid approach – IRA versus Green Deal Industrial Plan
11	II. Direct EU funds for energy projects
15	III. Overview of national energy incentives
16	<i>Summary of the incentives available in the different member states</i>
18	IV. Countries
20	<i>Albania</i>
22	<i>Bulgaria</i>
26	<i>Cyprus</i>
28	<i>Czech Republic</i>
31	<i>Estonia</i>
33	<i>Finland</i>
36	<i>Hungary</i>
38	<i>Italy</i>
42	<i>Lithuania</i>
44	<i>Luxembourg</i>
46	<i>Malta</i>
48	<i>Poland</i>
51	<i>Slovakia</i>
54	<i>Spain</i>
56	<i>Switzerland</i>
58	<i>United Kingdom</i>

Foreward

Dear Reader,

The greenhouse effect, climate catastrophes, the global energy crisis... More and more states are realising that the use of renewable energy sources and green innovation is of key importance to sustainable development and human welfare. Focus has been redirected to energy independency due to the recent conflicts on the international field. The largest economies in the world — including China, Japan, USA and EU — have responded to these challenges with environment-focused legislation and economic actions. These actions have not only accelerated the green transition but also initiated a kind of subsidy race between the US and the EU. Despite some protectionist elements, these are good news for the fight against climate change.

Corporations are also focusing more and more on renewable energy and energy efficiency. Their long-term success demands an innovative approach. Minimising energy consumption and involving renewable sources is not only a question of productivity efficiency but also a question of operational security. Complying with these challenges is a must; however, it requires relevant investments on behalf of the companies.

Our mission is to serve the goal of our clients with a cross-border approach, including assistance to benefit from the possible incentives throughout most of the Member States. Therefore, Andersen's Business Incentives & Tax Credits Service Line in cooperation with the Energy Industry Group has compiled this brochure providing an overview on the policy frameworks and incentives available that can be used to enhance investments related to energy efficiency and renewable energy production.

In the frame of our Energy Incentive Guide our aim is to provide the Reader with a general overview of available tax credits, grants and other instruments from an array of 13 Member States, complemented with those available in Albania, Switzerland and the United Kingdom, ensuring easy access to useful information.

We hope and believe that with our cross-border approach we can contribute to your success.

Yours sincerely,

Maricla Pennesi – European Tax Coordinator

Alessio Rossi – European Industry Group Coordinator

Károly Radnai – European Business Incentives & Tax Credits Coordinator

Carmen Mozún and Edoardo Fea – European Energy Industry Group Coordinators





I. Overview of the US and EU state aid approach – IRA versus Green Deal Industrial Plan

The United States and EU both seek to boost their green industry and mineral supplies to reduce external dependence, especially on China. However, approaches are different, especially as the EU is highly in need of reducing dependence on energy imports.

The US adopted the Inflation Reduction Act (IRA), which includes a set of measures to promote decarbonisation. The objective is to lay down the foundations for the competitiveness of the American economy in a low-carbon world. In response, the EU adopted the Green Deal Industrial Plan (GDIP). A key difference between the two is that while the IRA is focused on manufacturing subsidies, the GDIP intends to create a favourable regulatory and financial environment across the entire value chain of clean technologies.

What are their details and why are these programmes important from the perspective of state aid perspective?

Inflation Reduction Act

The US has set very ambitious goals against the climate crisis. They want to reach a **50-52% reduction from 2005 levels of net greenhouse gas pollution by 2030, 100% carbon pollution-free electricity by 2035, and a net-zero emissions economy by no later than 2050**. To achieve these goals, the Inflation Reduction Act was passed on 16 August 2022.

The legislation will see USD 370 billion spent on decreasing the energy costs of families and small businesses, accelerating private investment in clean energy solutions, strengthening domestic supply chains, and creating well-paying jobs and new economic opportunities for workers.

Who are the beneficiaries and what benefits does the IRA provide?

1. Companies using American-made clean energy technologies

The IRA includes several tax provisions as well as grant and loan programmes to support the deployment of innovative clean energy technologies. The Investment Tax Credit (ITC) allows taxpayers to deduct a percentage of the cost of renewable energy systems from their federal taxes. Production Tax Credit (PTC) is an income tax credit for electricity generated by qualified renewable energy resources.

The IRA guarantees 2-10% bonus credits via the ITC and PTC if the products meet the “domestic content minimums” in the case of batteries, solar panel, and wind turbine parts, as well as technologies such as carbon capture systems and electrolyzers to make hydrogen.

- The adjusted percentage for most qualifying energy projects is 40% (but is expected to increase gradually to 55% after 2026)
- The domestic content threshold for certain offshore wind projects currently is 20% (but is expected to rise to 27.5% in 2026 and 55% by 2028)

2. Eliminating of air pollution

The IRA seeks to reduce greenhouse gas emissions and other harmful air pollutants from the electricity, transportation, and industrial sectors. The supported programmes are:

- Those that replace polluting commercial heavy-duty vehicles and port equipment with zero-emission ones
- Programmes that improve public transportation
- Those that will cut methane pollution.

3. Individuals making their households energy-efficient

The package aims to reduce the living cost of working families. Families are supported in changing their old appliances to energy-efficient ones or in weatherizing their houses in order to save energy and reduce their energy costs.

4. Establishing a clean, carbon-free Federal Government

The Federal Government is a big player in the US's economy. Therefore, just as with the GDIP's first pillar, the US Government will also lead the way in choosing net-zero technologies and products for its vehicles, maintenance, and operation of governmental buildings.

5. Companies supporting climate-smart agriculture and rural economic development

These funds incentivise investments to make the agricultural sector bio-based and resistant to the climate crisis. It also encourages new economic activity in rural areas via both financial and technical assistance.

6. Communities looking to adopt green technologies

An increasing part of society is facing extreme weather events, e.g. drought, flooding, extreme heat, storms, etc. Lower-income and other marginalised communities have limited access to the latest technologies, nor can they afford the high costs of using them. Therefore, IRA provides grants and technical assistance to these communities to improve their resilience to climate impacts.

There are also credit bonuses available for projects located in the territory of these communities, which may have a major impact on the development of clean energy resources in these areas.

7. Developing an effective energy infrastructure

The US wants to achieve net-zero emissions by no later than 2050. Therefore, the IRA supports with more than USD 1 billion:

- Building new transmission lines and clean energy projects
- Ensuring a well-designed infrastructure by co-ordinating the work of federal agencies and strengthening environmental reviews

A critical and revolutionary item for the US tax system is the direct pay and transferability options for many credits added as a result of the IRA. These updates expand the ability for many taxpayers to utilise these clean energy credits thus increasing the amount of people incentivised to participate in the clean energy industry.

Green Deal Industrial Plan for the Net-Zero Age

The IRA provides significant support for individuals and communities, as well as manufacturers via bonus credits if their operation is in the US and adheres to the domestic content rules. The protectionist tendency in this part of the law forced the European Union to move forward with its own legislation.

The EU's Green Deal Industrial Plan, published on 1 February 2023, aims to boost and protect European competitiveness and manufacturing capacity in the period of transition to climate neutrality.

As part of the European Green Deal, EU leaders had already set the goal of **making the EU the first climate-neutral continent by 2050 and to decrease net greenhouse gas emissions by 2030 to at least 55% below 1990 levels**. The EU intends to spend EUR billions on this project without any set timeline.

The financial base of the EU's policies will be sourced from the EU itself, national and regional authorities, and Member States' contributions to the EU budget. The REPowerEU plan will provide around **EUR 300 billion**, with approximately **EUR 72 billion in grants** and approximately **EUR 225 billion in loans**. The Recovery and Resilience Facility (RRF) is the biggest part of this funding.

The InvestEU Fund combines thirteen different financial instruments and can mobilise more than EUR 372 billion. The Innovation Fund will provide around EUR 38 billion to support the EU's transition to climate neutrality.

The achievement of the GDIP's goals is based on the implementation of the following four pillars.

1. Creating a predictable and simplified regulatory environment for net-zero emission industries

The regulatory framework must be able to secure the production capacity, raw materials, energy and infrastructure for the EU's transition to net-zero industry.

Therefore, this pillar introduces regulations in the following areas:

- In the framework of the Net-Zero Industry Act (NZIA), the EU will simplify the regulation for products that are necessary for achieving climate neutrality such as batteries, windmills, heat pumps, solar panels, electrolyzers, and carbon capture and storage technologies
- The Critical Raw Material Act (CRM Act) helps the EU to secure the supply of critical raw materials (e.g. lithium, cobalt, nickel, gallium, boron, titanium and tungsten) for Europe's industry and significantly decrease EU's dependency on imports from third countries
- The EU needs to reform its energy market via pooling gas demand, coordinating infrastructure use and negotiating with international partners
- Developing the full coverage of cross-border transportation / Developing all means of cross-border transportation and energy infrastructure strengthens market integrity and transparency



2. Extending, accelerating and simplifying access to national and European funds

The EU would like to remain competitive in the global economy through green technologies and innovation. For financing and investing in clean tech innovation and for manufacturing to be aligned with the GDIP targets, the EU is providing financing opportunities via:

- Existing EU funds, namely, REPowerEU, including the Recovery and Resilience Facility (RRF), InvestEU Fund, and Innovation Fund
- The Invest EU Programme supports private investments into green net-zero transition

The EU is also allowing more flexibility in terms of national grants by the Member States, taking into consideration the preservation of the Single Market. This is due to the different national budgets and seeks to avoid enlarging regional disparities.

The EU also hopes to address the gap between currently available funding and the financing needs for the transition to net-zero industry. The European Union's competition policy is meant to ensure the principle of fair competition to support the functioning of the EU Single Market. The Member States should thus build their legislation on EU regulations and definitions, meaning any direct aid provided by Member States is incompatible with the internal market.

However, the Treaty on the Functioning of the European Union (TFEU) leaves room to grant certain exemptions from this general prohibition if they can contribute to overcoming disadvantages that the market and competition cannot solve.

3. Developing adequate skills of European workers in new, environmentally friendly technologies

The green transition requires new skills from workers, therefore the EU supports harnessing new

talent, as well as re- and up-skilling the workforce. This aim is supported by:

- Establishing Net-Zero Industry Academies to introduce up-skilling and re-skilling programmes in strategic industries for the green transition
- Implementing a strategy for universities to ensure future-proof skills
- Providing EU funds for education and training
- Reducing administrative barriers in recognition of qualifications and labour mobility from third countries as well in key sectors

4. Openness of trade for resilient supply chains

The fourth pillar is an ambitious business plan for maintaining trade openness and fair competition globally. The EU seeks to achieve these principles by:

- Creating win-win partnerships by developing a network of free trade agreements
- Cooperating with other partners of the EU (the US, Japan, African countries)
- Supporting the work of the World Trade Organization (WTO) against trade distortions and subsidies that negatively impact both trade and the climate
- Defending the Single Market from unfair trade practices like dumping and distortive subsidies
- Investigating subsidies granted by third countries in accordance with the Foreign Subsidies Regulation

Based on the above, the GDIP requires close co-operation not only with the EU and Member States' political leaders, but also with third countries, economic partners, trade partners, business leaders and EU citizens as well.

II. Direct EU funds for energy projects

The European Climate, Infrastructure and Environment Executive Agency

Translating policies of decarbonisation and sustainable growth on the EU level into realities on the ground is handled by the European Climate, Infrastructure and Environment Executive Agency (CINEA). It was officially established in February 2021 as the successor of the Innovation and Networks Executive Agency (INEA).

The main purpose of CINEA is to implement parts of certain EU programmes and to support all stakeholders of the EU Green Deal through its delegated programmes.

CINEA is currently responsible for the management of the following programmes:

- Connecting Europe Facility
- Horizon Europe
- Innovation Fund
- LIFE Programme
- EU renewable energy financing mechanism (RENEWFM)
- Just Transition Mechanism
- European Maritime, Fisheries and Aquaculture Fund (EMFAF)

Connecting Europe Facility (CEF)

A fundamental funding instrument to support European energy infrastructure and deliver the European Green Deal is the Energy programme of CEF. The purpose of this funding programme is to implement the Trans-European Networks for Energy (TEN-E) framework, i.e. building or renewing cross-border energy infrastructures and achieving the further integration of an efficient and competitive internal energy market.

The purpose of the TEN-E policy is to (i) identify priority corridors and thematic areas and (ii) establish a list of Projects of Common Interest (PCI). Meeting the EU's short- and long-term energy and climate objectives in this respect is supported by a budget of EUR 5.84 billion for the 2021-2027 period.

Projects of Common Interest shall involve at least two Member States by directly crossing the border of two or more Member States or must be located on the territory of one Member State while also having significant cross-border impact. Alternatively, the project should cross the border of at least one Member State and a European Economic Area country.

Currently, there are overall nine priority electricity, gas and oil corridors as well as three priority thematic areas (smart grids deployment, electricity highways and the cross-border carbon dioxide network). For the priority corridors, specific Member States are concerned, while the thematic areas involve all the Member States.

For the implementation of PCIs, in April 2023 CINEA launched a new call for proposals for "Works" and "Studies" with the submission deadline in September 2023:

- "Studies" refers to those activities that are required for the preparation of the implementation of PCIs. This includes completing preparatory, mapping, feasibility, evaluation, testing and validation tasks to ensure that a PCI can be defined and developed.
- "Works" includes the purchase, supply and deployment of various elements, systems and services that prioritise the development,

construction, installation and launching of a PCI.

Apart from supporting the development of PCIs, the current funding period introduced a new category of eligible project as part of CEF. These are the cross-border renewable energy projects (CEF Energy).

With the purpose of complementing other EU funding options, this programme prioritises the cross-border cooperation of Member States in their efforts in the deployment of renewable energy.

The scope of potentially eligible projects included the electricity sector as well as other energy carriers (e.g. heating and cooling, power-to-gas, etc.) and sectors. However, the potentially eligible projects must comply with the following criteria:

- The project must be based on a cooperation mechanism that is signed by at least two Member States (or a Member State and third countries). The support of the jurisdictions involved should be presented upon application; the signed Cooperation Agreement or the declarations from the participating Member States expressing their support should be attached.
- It must be proven based on a cost-benefit analysis that the project has higher socio-economical net benefits compared to a domestic project (taking into account seven indicators).
- The key aspect of the project should concern a renewable energy generation installation (e.g. wind, solar energy, sustainable biomass, ocean energy, etc.), its connection to the grid, and establishing storage and conversion facilities.

The next calls for proposal in the field of cross-border renewables have opened in September 2023 and are expected to become available in November 2023. They will be open to eligible legal en-

tities, including the Member States themselves. The application process is divided into three segments, as follows:

- **“Preparatory Studies”** supports Member States and private project promoters in selecting the best project concept and setting up the Coordination Agreement. The call is currently open with submission deadline in early January 2024
- **“Cross-border renewable energy status (CB RES)”** can be obtained by any project that meets the regulatory criteria. Such projects will be included on a list of projects eligible for CEF funding and can be submitted to dedicated calls for CEF grants. The current call is under evaluation and is expected in November 2023
- **“Works and Studies”** supports project promoters to carry out and implement works and studies for the CB RES projects. The current call is under evaluation and is expected in November 2023

Horizon Europe – the framework programme for research and innovation

Tackling climate change, supporting the EU in achieving the United Nation’s Sustainable Development Goals (SDGs), and boosting the EU’s competitiveness are the main objects of Horizon Europe in the fields of research and innovation. A budget of EUR 95.5 billion was approved for the period until 2027. The global challenges and the drivers for boosting European industrial competitiveness (i.e. Pillar II of Horizon Europe) is divided into six clusters. Cluster 5 is dedicated to climate, energy, and mobility.

Following the adaptation of the Horizon European 2023-2024 work programme, several calls were launched in 2023 that support research and innovation under efficient, sustainable and inclusive energy use. In 2024, further calls are expected to open up, as follows:

- EUR 138 million will be available for projects in sustainable, secure, and competitive energy supply, including activities in the areas of renewable energy, energy system, grids and storage. In this respect, sixteen topics are covered
- EUR 50 million will be available for projects in efficient, sustainable and inclusive energy use, i.e. for a more efficient use of energy as regards buildings and industry. Five topics in this field are covered as part of this call.

LIFE Programme – Clean Energy Transition sub-programme

With the aim to facilitate the transition towards an energy-efficient, renewable energy-based economy across Europe, the approved budget for the LIFE Clean Energy Transition sub-programme is nearly EUR 1 billion. The main areas of intervention include the establishment of a national, regional and local policy framework that enables the clean energy transition; supporting technology roll-outs, digitalisation, and business models and enhancing the related professional skills; and attracting private finance for sustainable energy.

Several calls were opened for submission in the fields of energy investments, clean energy transition and energy system integration.

Innovation Fund

The European Union’s largest fund focusing on the deployment of net-zero and innovative technologies is the Innovation Fund. As one of the main contributors to the goals of the European Green Deal, the Innovation Fund’s primary aim is to help businesses’ investments in clean energy and industry. This entails aid for innovative projects that utilise low-carbon technologies and processes in otherwise energy-intensive industries, including products that can substitute carbon-intensive ones. Carbon capture and utili-

sation (CCU) and the construction and operation of carbon capture and storage (CCS) facilities are also a main funding objective of the Innovation Fund. It covers all the Member States as well as Norway, Lichtenstein and Iceland.



III. A specific tool to approve cross-country co-operations: Important projects of common European interest

Aid to promote the execution of an important project of common European interest (IPCEI) may be considered compatible with the internal market. In line with this, in 2021, the European Commission published a communication on the criteria for the analysis of the compatibility of state aid with the internal market to promote the execution of IPCEIs.

Generally, these projects should provide valuable contribution to economic growth and, no less important, to the green transition and competitiveness of the European Union's industry and economy. These projects should contribute to a common objective by supporting a key strategic value chain for the future of Europe as well as the objectives of key EU policies such as the European Green Deal or the EU's hydrogen strategy. In this case state aid is financed by the Member States.

Six IPCEIs have been approved since 2018 (at least one per year, except for 2020) by the European Commission. These projects' predominant focus is on research and development and the first industrial deployment in the technology value chain of hydrogen.

The state aid approved (together with the expected private investments into research and development) for the six IPCEIs is almost EUR 80 billion. All of the projects are value-driven, integrated across Member States, and highly ambitious.

IPCEIs are of great importance in the field of (re-

newable) energy and especially the funding of research, innovation, and the construction of infrastructure to enable the industrial applications of hydrogen. In line with this, so far two IPCEIs have been approved by the European Commission in the field of hydrogen.

Besides, two projects on the field of microelectronics and communication, and further two projects on the field of batteries have also been approved.

First hydrogen IPCEI – IPCEI Hy2Tech

The first IPCEI in the field of hydrogen was approved by the European Commission in July 2022. Fifteen member states (Austria, Belgium, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Italy, Netherlands, Poland, Portugal, Slovakia and Spain) are participating in the project with 35 companies. These Member States are expected to provide up to EUR 5.4 billion in public funding in the upcoming years.

IPCEI Hy2Tech will cover a large portion of the value chain of hydrogen technology. Its primary focus is on the end-users in the mobility sector. This entails the generation of hydrogen, fuel cells, hydrogen storage, transportation and distribution as well as end-users' applications (with special focus on the mobility sector). The IPCEI is expected to contribute to significant technological breakthroughs, such as new highly efficient electrode materials, performant fuel cells and new transport technologies.

Second hydrogen IPCEI – IPCEI Hy2Use

Shortly after the launch of Hy2Tech, the European Commission approved the second IPCEI in the field of hydrogen in September 2022.

Thirteen member states (Austria, Belgium, Denmark, Finland, France, Greece, Italy, Netherlands, Poland, Portugal, Slovakia, Spain and Sweden) are participating in Hy2Use with a total of 29 companies including SMEs and start-ups in one or more Member States. The Member States will provide approximately EUR 5.2 billion of aid in the upcoming years.

This IPCEI follows and complements Hy2Tech, but it focuses on projects not covered by Hy2Tech. Hy2Use focuses on the hydrogen industry, namely the hydrogen-related infrastructure and hydrogen applications in the industrial sector. It supports the construction of hydrogen-related infrastructure, notably large-scale electrolyzers, and the transport infrastructure for the production, storage and transport of renewable and low-carbon hydrogen. Hy2Use also supports the development of innovative and more sustainable technologies for the integration of hydrogen into the industrial processes of various industries (i.e. steel, cement, and glass).

IV. Overview of national energy incentives

EU state aid rules in general

Incentives available in individual countries are financed from two sources: partly from different EU funds and partly from national sources.

While EU funds are typically used to cover “cash-based” incentives (e.g. grants, loans), tax incentives are provided via waiving of national tax incomes. Irrespective of the origin of the incentives, in Member States of the EU (and even in the further countries of the European Economic Area), providing any kind of state aid must comply with EU state aid rules.

EU state aid rules are aimed at preventing the distortion of competition and preventing harmful subsidy races among EU Member States. However, various measures are considered compatible, as their positive effects are considered to outweigh their negative impact. State aid rules perform a balancing act between implementing economic

policy to prevent the distortion of fair competition and achieving common policy objectives, such as regional development, environmental protection and the green transition.

The Green Deal Industrial Plan – as mentioned above – intends to relax state aid rules. Therefore, several modifications have already been implemented, such as more room for providing aid without the need for European Commission approval and more room to provide aid for operational types of costs to counterbalance high energy costs or higher renewable energy generation costs.

However, with respect to renewable energy, energy infrastructure and energy efficiency, investment costs remain the focus of state aid schemes, providing investment incentives as a percentage of the investment costs.

Summary of the incentives available in the different member states

	ALBANIA	BULGARIA	CYPRUS	CZECH REPUBLIC	ESTONIA	FINLAND	HUNGARY	ITALY	LITHUANIA	LUXEMBURG	MALTA	POLAND	SLOVAKIA	SPAIN	SWITZERLAND	UK
Renewable energy																
Cash grants	×	×	×	×	×	×	×	×	×	×	×	×	×		×	×
Tax incentives	×	×		×	×	×			×	×			×	×	×	×
Other instruments	×	×		×		×	×	×	×	×		×	×		×	
Energy efficiency																
Cash grants			×	×	×	×			×	×	×		×		×	×
Tax incentives	×		×			×	×	×	×	×	×	×		×	×	×
Other instruments	×	×		×		×	×	×	×	×		×			×	
Other																
Cash grants			×	×	×	×	×		×	×	×	×	×		×	
Tax incentives			×			×	×	×	×	×	×	×		×	×	×
Other instruments	×	×		×	×			×	×	×					×	





IV. Countries

1. *Focus of energy policy*
2. *Key investment promotion tools*
 - *Cash grants*
 - *Tax incentives*
 - *Other tools*

Albania

Sara Kraja
Associate
Collaborating Firm in Albania
s.kraja@kalo-attorneys.com



Renewable energy

Cash grants	×
Tax incentives	×
Other instruments	×

Energy efficiency

Cash grants	○
Tax incentives	×
Other instruments	×

Other

Cash grants	○
Tax incentives	○
Other instruments	×

Albania offers several forms of incentives for renewable energy generation and energy efficiency projects, through tax incentives and subsidies, although grants are mostly offered in cooperation with international organisations. Because most of Albania's electricity is generated by hydropower plants, as well as the increasing investment opportunities in photovoltaic and eolic plants, the future seems to hold a variety of new incentives for renewable energy and energy efficiency. The recent law on renewable energy resources seems to reflect this plan, as tax incentives are planned to last for a long time.

Focus of Albania's energy policy

Since 2020, Albania has ranked first in the region for renewable energy generation and third in Europe for the highest percentage of electricity generation from renewable sources. Transport remains the only issue that needs to be addressed, as it affects the level of pollution in the country.

The new Law on Renewable Energy Resources reflects the government's plan to improve in terms of environmental goals by incentivising the use of renewable energy resources, thus minimising pollution. Albania's advantage is strictly linked to the fact that energy generation is almost entirely dependent on hydropower plants.

Investment in photovoltaic and eolic plants has been booming in recent years. There are at least two large photovoltaic parks being built, many

smaller photovoltaic plants, floating photovoltaic plants and solar panels being incorporated into the country's rebuilt schools, and many eolic plants are currently in the project stage. Due to all of this, Albania may be able to generate enough renewable energy by 2030 not only to meet the country's needs, but even to serve as a green battery for the region.

Key investment promotion tools

Cash grants

- Renewable energy is one of the sectors supported by the IPARD II programme, co-funded by the European Union and the Albanian government, which focuses on financing companies to install solar panels in their facilities. This programme also finances grants of 50-70% of the investment value to produce renewable energy in agriculture
- The Albanian government is also offering financial support to families who will produce energy from solar panels, by offering to pay 70% of the cost of solar panel purchase and installation for 2000 families

Tax incentives

- Albania offers tax credits for energy efficiency projects, such as import tax exemptions for machinery used to produce renewable energy
- Anyone who manufactures or installs photovoltaic panels for water heating or sanitation in buildings or industrial technological processes is exempt from customs duties and VAT
- A reduced VAT rate of 6% also applies to the supply of electric buses with a capacity of 9+1 seats or more, used for public passenger transport

Other tools

- According to the Law No. 92/2014 on "Value Added Tax", as amended, the Albanian Electric Energy Stock Market is responsible for the management and administration of the

organised market through the platform for the sale and purchase of electricity, and companies that import and supply electricity in Albania to be sold through this institution are exempted from VAT for this activity

- Individuals/enterprises that generate their own renewable energy with a maximum capacity of 500 kW will be allowed to produce, consume, store and sell the remaining renewable energy, including through bilateral agreements with electricity suppliers and commercial agreements with their counterparts. They will also be eligible for government subsidies. Albanian law allows renewable energy communities to develop and compete in the market, as long as both self-generators and communities comply with fair market principles and the rules and methodology of the ERE (Energy Regulatory Entity) regarding taxes and fees

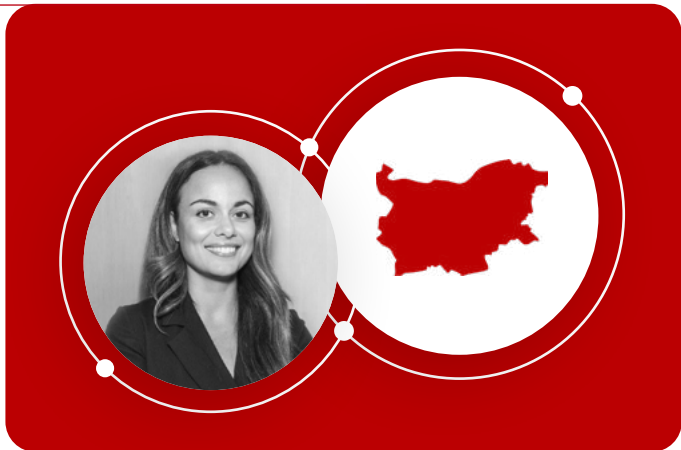
Bulgaria

Denitsa Dimitrova

Partner

Collaborating Firm in Bulgaria

d.dimitrova@kambourov.biz



Renewable energy

Cash grants	×
Tax incentives	×
Other instruments	×

Energy efficiency

Cash grants	○
Tax incentives	○
Other instruments	×

Other

Cash grants	○
Tax incentives	○
Other instruments	×

In the last decade, Bulgaria tried to establish itself as an energy leader and electricity exporter in the Balkan region.

The state-owned nuclear power plant in Kozloduy plays an important role in the nergy sector not only for Bulgaria, but for the whole region. As per report by Solar Plaza, Bulgaria is anticipated to contribute 61% of the Balkans' total growth over the next three years, projecting its own capacity to soar to 2,784 megawatts by 2024.

However, the constant need for renewable energy sources and various initiatives for greener energy have put forth in Bulgaria a number of tax, legal and regulative projects. Although Bulgaria is still new on the renewable energy sector, its low taxes and favourable business environment attract more and more investments each year.

Focus of Bulgaria's energy policy

In 2023, the Bulgarian Ministry of Energy published the Strategic Vision for Sustainable Development of the Energy Sector of the Republic of Bulgaria. This document contains the national priorities and objectives for the development of the energy sector up to 2053, as well as domestic and EU policies and goals in the fields of energy resources, production, transmission, and distribution of energy.

One of the main goals is drastic reduction of CO2 emissions from coal burning which is not only

used in the energy companies but in the domestic households as well. The strategy recommends that the use of domestic coal to be significantly reduced until decommissioning by 2038.

The Strategic Vision also includes the development of new renewable energy sources: both photovoltaic and wind power plants. Geothermal energy potential is foreseen as being most suitable for heating purposes which significantly increase during winter and cause the increase of CO2 emissions.

In addition to the already working reactor in NPP Kozloduy, Bulgaria's strategy includes the building of four new nuclear reactors. Two of the reactors are expected to be erected at the NPP Kozloduy site 2000 MW by 2045, and another at 2000 MW by 2052.

An additional 2000 MW nuclear capacity reactor will be constructed in Belene by 2035/2040 meaning the country will be striving to renew the NPP project in Belene, making a second NPP plant in Bulgaria by 2053.

Key investment promotion tools

Cash grants

- Funding for new RES projects is available under the National Recovery and Resilience Plan. The aim is to integrate a higher percentage of RES with a minimum of 1.4GW into the grid combined with the minimum required storage capacity. Performance of the scheme is part of the target of commissioning a minimum of 3.5 GW new power generation capacities from RES by 2026. The financing mechanism is planned with five tender procedures initiated by the beneficiary every six months (considered from Q4/2022), each for the provision of at least 285 MW of RES capacity for each period. The requirement for investors in each time period will be to build RES capacity with storage facility, to balan-

ce renewable energy production. The storage facility should have a battery life of at least 4 hours and a capacity of at least 30% of the total installed capacity of the RES generation facility, i.e., the minimum requirement for 100MWp generation facility would be a 30MW/120MWh lithium-ion battery. This is a key element of the proposed projects, as investments in storage facilities to support RES power plants are vital for the whole system. The construction of the first 285 MW of RES capacity can start in Q2/2023. The total planned resource is BGN 2,006.7 million (BGN 668.9 million from the Recovery and Resilience Mechanism and BGN 1,337.8 million privately financing) with an implementation period of 2022-2026.

- The state-owned Bulgarian Development Bank (BDB) also provides financial support for building of photovoltaic power facilities for businesses, as well as for the sale of produced electricity

Tax incentives

- Under the Bulgarian Corporate Income Tax Act, the expenses for donations to the "Energy efficiency and renewable resources" Fund are tax-deductible if their total amount is up to 10% of the positive accounting financial result (accounting profit). There is also a 5% deduction for personal taxes in case a donation is made for renewable resources
- Buildings which answer to certain conditions and also implement measures for the utilization of renewable sources for energy production to meet the needs of the building are exempt of local taxes for period of 10 years, starting from the year following the year of issue of energy consumption certificate class "B" and "C"

Other tools

- As part of the EU, Bulgaria will have to take steps for reducing carbon emissions in accordance with the EU Carbon Border Adjustment

Mechanism (“CBAM”) which entered into force on 5 June 2023. CBAM will take effect starting from 1 October 202 and will enter into a transitional phase lasting until January 2026

- The Bulgarian Parliament introduced a change in the licensing regime for renewable energy power plants. As of 2023, renewable energy plants with total installed capacity up to 20 MW are no longer subject to licencing procedure. Additionally, the licences which have already been issued for this type of power plants with will be automatically terminated with the entry into force of amendments thus decreasing the administrative burden on investors
- Another step taken into the direction of the reduction of carbon emissions are the legislative amendments for the electricity storage. As of 2023, the electricity storage facilities of any size are not subject to licensing procedures



Cyprus

Nakis Kyprianou
Partner
Member Firm in Cyprus
nakis.kyprianou@cy.andersen.com



Renewable energy

Cash grants	×
Tax incentives	○
Other instruments	○

Energy efficiency

Cash grants	×
Tax incentives	×
Other instruments	○

Other

Cash grants	×
Tax incentives	×
Other instruments	○

The Renewable Energy Sources and Energy Conservation Fund is the main financial tool of the Republic of Cyprus to promote Renewable Energy Sources and Energy Conservation, with a view to achieving binding national targets, as defined by the legislation and the relevant European Directives. The purpose of the establishment of the Fund is to provide financial incentives in the form of state grants or subsidies for various investments or activities that promote renewable energy sources and energy savings.

Additionally, the Cyprus Council of Ministers has approved a draft bill that provides certain tax incentives for energy-saving investments.

Focus of Cyprus's energy policy

Cyprus has made remarkable strides in recent years to foster the production and utilisation of renewable energy, in line with the objectives outlined in EU Directive 2009/28/EC. The nation's unwavering commitment to meet the European Union's mandated national targets has been pivotal in driving these efforts.

Having surpassed the target of achieving a 13% share of renewable energy sources (RES) in gross final energy consumption by 2020, Cyprus demonstrated its proactive approach by accomplishing an impressive 13.8% share in 2018. Looking forward to 2030, Cyprus aims to further amplify its renewable energy penetration, with a determined focus on the heating, cooling, and electricity

sectors, aspiring to achieve an ambitious 22.9% share.

The renewable energy landscape in Cyprus currently boasts a diverse array of technologies, prominently including solar photovoltaic systems, wind turbines, biomass, and heliothermic systems. Solar photovoltaic systems and wind turbines have emerged as the frontrunners, significantly contributing to the country's national power grid. Cyprus currently hosts several operational wind parks and solar parks, with a substantial number of projects under construction or undergoing licensing.

Moving ahead, Cyprus seeks to diversify its energy sources through the extraction and utilisation of hydrocarbons from the Cyprus Exclusive Economic Zone.

This strategic initiative is poised to position Cyprus as a trailblazing force, cementing its stature as a leading player in the Eastern Mediterranean basin and solidifying its role in energy exploration and exploitation attempts.

Key investment promotion tools

Cash grants

- The digital upgrade scheme encourages investments in digital entrepreneurship and the strengthening of integration of digital technology in businesses. The scheme is available to any existing small and medium-sized enterprises that will implement various actions in the category of digital upgrading, including e-commerce, as well as new small and medium-sized enterprises whose investment proposal necessarily includes e-commerce activities or the use of advanced digital technologies. The maximum sponsorship amount is capped at 50% of the eligible budget of the proposal with a ceiling of EUR 50,000. In the case of businesses that are established or will be established in mountainous and disa-

dvantaged areas, the sponsorship ratio rises to 60% of the eligible budget of the proposal, with a ceiling of EUR 60,000

- The Promotion of Energy Audits in Small and Medium Sized Enterprises Scheme offers a grant to small and medium-sized enterprises following the execution of an energy audit identifying energy consumption and energy improvement opportunities and investments required to reduce such consumption on a daily basis. For medium-sized enterprises the maximum grant varies between EUR 3,000 to EUR 5,000, and for small-sized enterprises, the maximum grant is EUR 1,000

Tax incentives

- Businesses that wish to go ahead with upgrading their building's energy efficiency will be entitled to an increased capital deduction of 7%, instead of the 3% granted under the existing legislative framework. This is applicable to specific capital expenditures made within the tax years 2023, 2024 and 2025
- An increased capital allowance of 20%, rather than 10% under the existing legislative framework, will be granted to businesses for machinery and equipment connected to renewable energy systems, as well as technical energy efficiency improvement systems. This is applicable for businesses' capital expenditure incurred within the tax years 2023, 2024 and 2025
- New commercial electric motor vehicles, as well as taxis and buses, are granted an increased capital allowance of 25%, instead of the 20% granted under the existing legislative framework, on capital expenditure incurred within the tax years 2023, 2024 and 2025

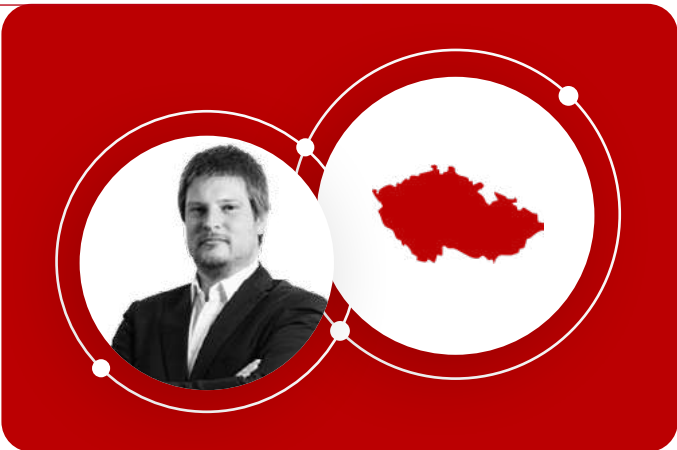
Czech Republic

Vojtěch Makovec

Partner

Collaborating Firm in Czech Republic

vojtech.makovec@rutlands.cz



Renewable energy	
Cash grants	×
Tax incentives	×
Other instruments	×
Energy efficiency	
Cash grants	×
Tax incentives	○
Other instruments	×
Other	
Cash grants	×
Tax incentives	○
Other instruments	×

In recent years, the Czech Republic's energy policy has increasingly focused on ensuring the highest possible level of energy self-sufficiency and promoting renewable energy sources. In response to turbulent events on the geopolitical scene, it has thus had to take the necessary measures to ensure higher self-sufficiency and to ensure a satisfactory development of the energy sector in future years.

At the beginning of 2023, the government started preparing a new energy development policy, serving as an update of the original one from 2015. This new policy is to set the conditions for the development of the energy sector until 2040. It must be said that the overarching objectives in this policy are not new; they are primarily aimed at ensuring security of supply, competitiveness, social acceptability, and sustainability and environmental development.

The policy has been expanded to include commitments that the Czech Republic signed up to at the European Union level. These include the Fit for 55 legislative package and the EU's current REPowerEU in response to Russian aggression in Ukraine.

We cannot leave unnoticed the fact that in July the European Commission approved a EUR 5 billion Czech programme to support large energy providers in connection with the war in Ukraine. Along with that, the European Commission approved a Czech programme to support green district heating

based on renewable energy. The programme will support the installation of new renewable heat generation plants using biomass with a capacity of more than 500 kW.

Operating support will be provided in the form of a green bonus per gigajoule of heat delivered to the heat distribution system.

Focus of Czech Republic's energy policy

Czech lawmakers are not hesitant on the legislative front either, as in spring 2023, the government approved changes to the law on investment incentives. The changes are mainly intended to simplify the approval of investment incentives, including in the field of production related to renewable resources and the transition to a low-carbon economy.

The new conditions should provide more support for the investment activity of private entrepreneurs in the field of selected products of energy importance for the Czech Republic. This will cover investment actions aimed at ensuring the production of, for example, heat pumps, photovoltaic systems, water and wind turbines or electric motors for electric cars.

The Czech Republic is currently running several long-term programmes that continuously create new opportunities for companies, citizens and municipalities.

Key investment promotion tools

Cash grants

- Among the largest subsidy programmes for residents are, for example, Nová zelená úsporám or Nová zelená úsporám - light. These subsidy programmes are often co-funded by the European Union. In these programmes, people can receive a percentage of the costs

incurred for making home heating more efficient, photovoltaics, home insulation, or one-off contributions of up to EUR 10,000 for new photovoltaics or electric vehicles

- There are currently three major subsidy programmes for companies in the Czech Republic. The Operational Programme Technology and Applications for Competitiveness (OP-TAC), the THÉTA programme and the Transport 2030 programme: these programmes are offered by the Technology Agency of the Czech Republic (TAČR) and focus on R&D in the energy sector and transport improvements. There are also Modernisation Fund subsidies: This fund supports investments in energy system modernisation and energy efficiency for small and medium-sized companies
- OPTAC offers grants for small, medium and large companies in various areas such as energy savings, wind power, innovation, technology platforms and more. A total of CZK 80 billion is allocated to this programme. Under this programme, it is currently possible to obtain subsidies for energy savings, where the amount of the subsidy can reach up to CZK 200 million and up to 45% of the costs, with an increase to 55% for medium-sized enterprises and 65% for small enterprises. Furthermore, support is provided for the construction of wind power plants up to CZK 330 million, or support for the acquisition of hardware and software for the establishment of virtual enterprises. Last but not least, the purchase of expert know-how is also subsidised, depending on each enterprise
- The THÉTA programme is aimed at research and development in the energy sector leading to the modernisation of the sector, as well as supporting research in the public interest and the development of energy strategies. The grant can be used for salaries, machinery and material costs. The amount of support is up to 60% and is aimed at small, medium and large companies and research organisations

- The Transport 2030 programme is designed to support projects that will contribute to improving transport. This programme is a follow-up to the Transport 2020 programme. The grant can be used for salaries, costs, machinery, materials and contract research. The amount of grant is EUR 1 to 50 million and can be provided to small, medium and large companies and research organisations

Tax incentives

- In the Czech Republic it is standard practice to pay the so-called ecological tax on energy. In the case of the production of electricity, solid fuels and natural gas, it is already paid by producers or suppliers. Consumers pay only to a very small extent. Inversely, producers of renewable energy, geothermal or biomass are exempt from this tax

Other tools

- Efforts are currently underway to build a robust and sustainable energy economy as well as an economic one. Interest-free loans from the Ministry of the Environment can be part of these programmes
- There are also government efforts to simplify the use of funding from subsidy programmes and increase transparency in decision-making. This is now reflected in the amendment to the Investment Incentives Act, as well as in the efforts of ministries to make upcoming programmes more relevant to their internal regulations
- Last but not least, there are a number of programmes to move the Czech Republic towards more recycling or sustainable electricity generation from waste. This is the Circular Czech Republic programme, which is intended to outline the way forward to 2040. Within the framework of this programme, further support options will gradually be added, both for companies and households



Estonia

Marge Männiko
Partner
Collaborating Firm in Estonia
marge.manniko@lextal.ee



Renewable energy	
Cash grants	×
Tax incentives	×
Other instruments	
Energy efficiency	
Cash grants	×
Tax incentives	×
Other instruments	
Other	
Cash grants	×
Tax incentives	
Other instruments	×

Estonia's energy policy target is to achieve energy independence by harnessing renewable energy while also transitioning away from natural gas and fossil fuels by embracing renewable energy.

The proliferation of solar power installations and systems is steadily increasing, and the regulatory framework for wind power plant installations has been subject to thorough reviews and continuous enhancements over the past year.

Focus of Estonia's energy policy

Estonia has set ambitious climate and energy objectives to decrease greenhouse gas emissions by 80% by 2050, including a 70% reduction by 2030. This goal applies to various sectors, such as transport, small-scale energy production, agriculture, waste management, and the forestry industry.

By 2030, the target is to reduce greenhouse gas emissions by 13% compared to 2005. Another critical target is to achieve a minimum share of 42% renewable energy in the total final energy consumption by 2030.

To further contribute to sustainability, Estonia strives to maintain energy consumption at around 32-33 TWh per year by 2030 and decrease primary energy consumption by up to 14% relative to recent peak levels. Additionally, Estonia aims to fulfil the criteria for interconnecting electricity grids between countries.

Key investment promotion tools

Cash grants

Estonia offers various cash grants for different fields, such as supporting the purchase of zero-emission vehicles, compensation for protecting key habitats and accelerating the introduction of renewable electricity-generating equipment in industrial areas

- The Estonian Environmental Investment Centre supports purchasing zero-emission vehicles with EUR 4,000, with the entire cash grant being EUR 8,5 million. The vehicle must be fully electric, new, and with a maximum speed of over 60 km/h. There is no price limit for hydrogen vehicles
- Different local governments offer cash grants for increasing apartment buildings' energy efficiency. The grant can cover up to 10% of the cost of construction work. By 2030, all residential buildings must meet the requirements of E-level energy efficiency, and by 2033, level D. The maximum grant for one apartment building is EUR 20,000. In 2023, the total budget for Tallinn was EUR 360,000

Tax incentives

- There is an income tax exemption for income from the sale of electricity generated by a generating installation, which is used for generating electricity from a renewable source with a net capacity of up to 15 kW. This exemption is also applied if the income has been received as a member of the apartment association selling electricity and the net capacity of the generating installation does not exceed 15 kW per connection point or 8 kW per apartment ownership
- The Estonian government also incentivizes house renovation to be more energy efficient by allowing a resident natural person to deduct the interest on a loan or lease from their

income for the tax period taken out to renovate their residential dwelling

Other instruments

- The Estonian Environmental Investment Centre also supports applicants in submitting project ideas and finding partners for the EU's LIFE programme by raising awareness about the LIFE programme, helping improve project application quality, and finding suitable partners
- Estonian Business and Innovation Agency supports product development, including products contributing to smart and sustainable energy solutions. The total amount of the funding is EUR 15 million, with the most extensive grant possible for a single entity being EUR 500,000.



Finland

Laura Hirvijoki
Senior Associate
 Collaborating Firm in Finland
laura.hirvijoki@iopartners.fi



Renewable energy

Cash grants	×
Tax incentives	×
Other instruments	×

Energy efficiency

Cash grants	×
Tax incentives	×
Other instruments	×

Other

Cash grants	×
Tax incentives	×
Other instruments	○

Finland's goal is to, by 2030, increase the share of renewable energy to more than 50% of the final consumption, increase energy independence to more than 55%, halve the domestic use of oil imported into Finland and increase the share of renewable fuels.

Phasing-out of Russian fossil energy became increasingly topical during spring 2022. Based on the preliminary data, the estimation is that energy imported from Russia covered 18% of Finland's total consumption in 2022, a decrease of 16 percentage points from 2021 to 2022. For example, the amount of fossil oil imported from Russia dropped 69%. Also, electricity imports from Russia had a significant share in Finland before 2022, but the imports stopped in May 2022.

Focus of Finland's energy policy

The most important forms of renewable energy used in Finland are bioenergy, particularly fuels from forest industry side streams and other wood-based fuels, wind power, hydropower and ground heat. Bioenergy is also generated from biodegradable waste and side streams of industrial production, agriculture and municipal waste. Solar electricity has also a growing role especially where on-site energy generation substitutes for energy bought from the grid.

The share of nuclear energy in Finland's electricity production is more than 40% after the regular electricity production started in the new nucle-

ar plant Olkiluoto 3 in 2023. In heat production, non-combustion-based heating is promoted, while the electrification of the energy system and the use of system integration are also a focus, especially for the sectors where reducing emissions is difficult.

Concrete national measures for promoting energy efficiency in Finland include energy efficiency agreements, energy audits, energy advice and energy aid for audits and investments made within the scope of energy efficiency agreements.

Finland provides several forms of incentives for renewable energy generation and energy efficiency projects: cash grants, tax incentives and subsidised loan programmes are available. Cash grant and loan programmes are typically limited to the availability of the designated budget of the specific call.

Key investment promotion tools

Cash grants

- The energy aid may be granted for investment projects or studies conducted in Finland that aim to promote: renewable energy production; energy savings or more efficient energy production or use; recovery of waste heat; or decarbonisation of energy systems. The energy aid aims to promote the use of renewable energy and increase energy efficiency. The investment costs of the project must be at least EUR 10,000 (energy efficiency) or EUR 30,000 (renewable energy). There is no upper limit on the size of the project. The funding is provided as aid and does not need to be repaid. Applications are submitted to Business Finland
- There is also available investment support for large demonstration projects in new energy technology for projects with investment costs exceeding EUR 5 million. The aim of the call is to promote solutions which are based on new

energy technologies and are nationally and internationally amplifiable. Applications are submitted to Business Finland, but the Ministry of Economic Affairs and Employment will decide on the recipients of aid

- Electrification support for energy-intensive industry is a fixed-term support system introduced in Finland in 2022. Those operating in an industry exposed to significant risk of carbon leakage may apply for aid. The operator shall spend at least 50% of the aid granted on development activities aimed at emission reductions, energy efficiency improvements or an increase in the share of renewable energy in energy consumption. The Energy Agency processes and reviews aid applications and decides on the granting of aid
- The Energy Agency decides also on infrastructure subsidies for the use of electric transport, biogas and renewable hydrogen. Investment support for vehicle charging points and gas and hydrogen refuelling points is granted on the basis of competitive bidding

Tax incentives

- Lower taxation per litre of biofuels than fossil fuels exists; small production of electricity and biogas is tax-free
- There is a tax credit for household expenses for work related to the abandonment of oil heating; tax credits are also available for the installation of a heat pump, electric car charging device or, for example, solar panels
- The new government is investigating a possibility for an extension of an interest deduction right in the taxation for large energy projects.

Other tools

- The government organisation Business Finland offers funding for research, product development, and many kinds of business development needs, especially for small and medium-sized companies. Large companies

and research organisations can receive funding for joint projects with smaller companies. There are different programmes suitable for energy efficiency and renewable energy generation projects

- An unsecured loan product, “the Climate and Environmental Loan”, implemented in cooperation with the European Investment Fund, can be granted by Finnvera, for example, for investments in renewable energy and improving the energy efficiency of the industrial sector
- Business Finland and the Ministry of Economic Affairs and Employment grant subsidies for energy auditing by Motiva, the government’s sustainable development company. The maximum amount of a subsidy is 40-50% of the approved audit’s working costs. The energy audit includes, for example, a survey of total energy consumption, which may consist of the energy consumption of the premises or the production process



Hungary

Edina Dobos
Director
Member Firm in Hungary
edina.dobos@hu.andersen.com



Renewable energy

Cash grants	×
Tax incentives	○
Other instruments	×

Energy efficiency

Cash grants	○
Tax incentives	×
Other instruments	×

Other

Cash grants	×
Tax incentives	×
Other instruments	○

Hungary provides several forms of incentives for renewable energy generation and energy efficiency projects: cash grants, tax incentives and subsidized loan programs are available. Tax incentives are available all year around, while cash grant and loan programs are typically limited to the availability of the designated budget of the specific call.

Focus of Hungary's energy policy

The energy crisis accelerated the transformation of the Hungarian energy mix. By 2030, the country's main goal is to achieve energy sovereignty via the duality of nuclear and renewable energy, and the way out of natural gas is seen via electrification. As a result, Hungary must change its structure of energy production and procurement, and due to renewable energy sources, the electricity network must also be significantly developed.

The number of solar power plants and solar systems continues to increase, and the regulations for the installation of wind power plants are being reviewed. Domestic natural gas production is also increasing, and the possibility of building hydro-power plants is being investigated. Hungary additionally intends to construct a new nuclear plant, as well as extend the operating hours of its nuclear plant, Paks I.

Hungary is providing different incentives to promote its energy transformation. A relevant part of the programmes (such as subsidised loans and tax credits) is financed from national sources, while large cash grant programmes are expected to

be financed with EU contributions (cohesion policy instruments and the RRF).

Key investment promotion tools

Cash grants

- The VIP cash subsidy is a special, non-refundable cash grant that can be obtained within the framework of a flexible application and negotiation process, based on the Hungarian Government's individual decision. One of the focus areas of the scheme is manufacturing investment promotion. Due to recent changes, investment costs related to renewable energy production may also be eligible for up to half of the total (manufacturing capacity related) investment costs. This opportunity is available year-around
- Further grant schemes are available typically on an ad-hoc basis, in line with the national development plans. Energy market players can benefit from non-refundable cash sources aimed at the development of smart grids, energy storage capacities or network development. Modernization of the district heating system is also subject to calls

Tax incentives

- Energy efficiency investment projects may benefit from a corporate income tax (CIT) credit in line with EU rules. Depending on the investment location, the maximum of the tax incentive is 45% of the eligible costs, which can be increased by 20% for small-sized enterprises and by 10% for medium-sized enterprises. The tax incentive can be used, at the earliest, in the tax year in which the investment is put into operation and in the subsequent five tax years. This incentive may be utilised at up to 70% of the calculated CIT liability. Prior to the commencement and after the completion of the project, a preliminary and post audit must be carried out by listed energy auditors or auditing organisations, certifying energy efficiency achievements. The investment must

be maintained during the five years' obligatory operation period.

Other tools

- One of the main tools for enhancing economic recovery are subsidized loan programs. The Baross Gábor Reindustrialization Program is available to businesses, regardless of size, for investment or working capital loans. The subsidized loan provides financing to energy efficiency and renewable energy generation projects, among others
- The METÁR system was created as a Renewable Support Scheme to enhance new power plant investments through green premium grants awarded within the framework of a tender procedure. METÁR also introduced a "brown premium" for depreciated biomass and biogas power producers



Stefania Zanotti

Partner

Member Firm in Italy

stefania.zanotti@it.andersen.com



Renewable energy	
Cash grants	×
Tax incentives	○
Other instruments	×
Energy efficiency	
Cash grants	○
Tax incentives	×
Other instruments	×
Other	
Cash grants	○
Tax incentives	×
Other instruments	×

Italy provides several forms of incentives for renewable energy generation and energy efficiency projects and is also driven by European Union policies in this direction: cash grants, tax incentives and subsidised loan programs are available.

Tax incentives are available year-round, while cash grant and loan programs are typically limited to the availability of the designated budget of the specific call.

Focus of Italy's energy policy

The recent energy crisis made it necessary for the government to take action to mitigate the effects on the budgets of companies within the country due to the sharp increase in electricity and gas costs. This increase was caused by the country's heavy dependence on gas and electricity imports, making it extremely exposed to conditions imposed by third countries.

There is therefore a desire to push businesses towards an increasingly green mentality, both through sustainability and energy efficiency in buildings, a strategy that would in the long run both reduce costs for businesses and households and lower the energy needed for operation.

In line with this, there has been a considerable increase in investment in photovoltaic installations (+50% by 2022), in parallel with the growth of renewable energy communities, which consist of associations made up of different types of in-

dividuals and corporate entities who choose to adhere to a model of sharing their production and consumption of electricity.

Despite Italy's slight delay in the solar revolution compared to the rest of Europe, data show important milestones and plans for future development, with the Italian government continuing to work towards the goal of zero emissions by the year 2050.

Some of these measures are financed from internal resources, but there is no shortage of aid from the European Union, especially within the framework of the NRRP (National Recovery and Resilience Plan), a plan for investments and reforms financed through loans from the RRF (Recovery and Resilience Facility).

Key investment promotion tools

Cash grants

Agrisolar Park announcement

The Agrisolar Park decree has been launched in Italy to promote the construction of photovoltaic systems on the roofs of farm buildings. The aim of the intervention is to support investments for the construction of photovoltaic systems on buildings for productive use in the agricultural, zoo-technical and agro-industrial sectors.

The call for bids provides funding for the purchase and installation of photovoltaic panels on the roofs of buildings instrumental to the activities of agricultural enterprises (including those used for reception and hospitality in agritourism), as well as storage systems and charging stations for electric vehicles.

The notice also provides incentives for energy efficiency improvements to structures, carried out at the same time, such as the removal and disposal of asbestos, the thermal insulation of roofs, and the creation of an aeration system connected to roof replacement.

The intensity of the subsidy is up to 80% of the expenses incurred, with possible increases in specific situations.

Decarbonisation Grant

The Innovation Fund makes EUR 100 million available for highly innovative projects aimed at reducing carbon emissions through a non-reimbursable grant that covers up to 60% of eligible expenses, which can be accessed by submitting an application (until 19 September 2023) for projects with an expenditure of between EUR 2.5 and 7.5 million.

The aim of the Innovation Fund is to support innovative projects involving service models and processes capable of significantly reducing the percentage of carbon emissions through the use of renewable resources, in accordance with the European Green Deal.

Eligible applicants are companies, public or private, operating in the territory of the European Union, as well as other entities in the form of consortium partners.

Beneficiaries will have a period of three years to implement the projects from the moment an application is accepted, although an extension may be granted for proven reasons.

Green New Deal

This measure is intended to support the projects of enterprises eligible for subsidised financing from the FRI (Revolving Fund for Business Support and Research Investment) and provides grants to support industrial research, experimental development and, for SMEs, the industrialisation of research and development results.

The measure is aimed at enterprises of any size engaged in industrial activities, agro-industrial activities, handicraft activities, industrial services, as well as research centres, that submit projects individually or jointly and support projects that are

consistent with the areas of intervention of the Italian Green New Deal, with particular regard to the objectives of:

- decarbonisation of the economy
- a circular economy
- reducing the use of plastic and replacing plastic with alternative materials
- urban regeneration
- sustainable tourism
- adaptation and mitigation of risks on the territory resulting from climate change

Eligible projects must be carried out in one or more local units located in the national territory, have expenses and eligible costs of no less than EUR 3 million and no more than EUR 40 million, have a duration of no less than 12 months and no more than 36 months, and be launched after the submission of the application for the funding.

The incentive measure consists of subsidised loans from the FRI amounting to 60% of the project costs, accompanied by bank loans for 20%, as well as non-repayable contributions determined at different percentages, up to a maximum limit of the eligible expenses and costs of the project (15% as a contribution to the expenditure for the acquisition of consultancy services relating to industrialisation activities and 10% as a contribution to the equipment account for the acquisition of fixed assets subject to industrialisation activities).

Tax incentives

Start-up sustainability bonus

A tax credit for research and development activities aimed at innovative solutions for environmental sustainability and the reduction of energy consumption is envisaged for innovative start-ups dealing with the environment, renewable energy and health.

The tax credit is recognised for research and development activities aimed at creating innovative solutions for advanced technological tools and ser-

vices to ensure environmental sustainability and the reduction of energy consumption. The credit may not exceed 20% of the expenditure incurred and may be up to a maximum annual amount of EUR 200,000 for each beneficiary company, in compliance with the 'de minimis' regime.

Energy and gas tax credit

During 2022 and 2023, the legislature enacted several regulatory provisions granting companies, under certain conditions, a tax credit equal to a portion of the expenses incurred for the purchase of electricity and gas, in order to mitigate the effects of the increases caused by the conflict in Ukraine.

The tax credit is granted to a variable extent depending on the reference period and the type of company (so-called energy- and gas-intensive companies or non-energy- and non-gas-intensive companies).

The credits can be used exclusively via offsetting on the F24 form by 31 December 2023 or can be transferred, only in full, by the same beneficiary companies to other entities, including credit institutions and other financial intermediaries.

Ecobonus energy efficiency in buildings

There are several incentive measures in Italy for individuals and companies that carry out energy efficiency measures in buildings.

The measure, supplemented and extended over the years, provides for a deduction equal to, depending on the intervention, 50% or 65% of the expenses incurred for the insulation of buildings and for the purchase and installation of windows and doors, solar screens and air conditioning systems.

The deduction is divided into 10 equal annual instalments, and the measure will be available for expenses incurred until 31 December 2024.

For natural persons outside the business year, the deduction can be up to 90% or 110%.

Other tools

ISMEA guarantee for renewable financing

According to the provisions of DL 34/2023, new loans granted in favour of micro, small and medium-sized enterprises operating in the agricultural and fishing sectors for the construction of plants to produce renewable energy are eligible for the direct guarantee issued by ISMEA (Institute of Services for the Agricultural Food Market),

provided that such loans envisage the start of repayment of the principal no earlier than 12 months after disbursement and have a duration of up to 96 months (8 years).

The guarantee is granted free of charge and covers up to 100% of the value of the financing (up to a limit of EUR 250,000).

The measure was recently approved by the European Commission.



Lithuania

Jolanta Stonė
Partner
Collaborating Firm in Lithuania
jolanta.stone@ilaw.legal

Tomas Janušauskis
Senior Associate
Collaborating Firm in Lithuania
tomas.janusauskis@ilaw.legal



Renewable energy	
Cash grants	×
Tax incentives	×
Other instruments	×
Energy efficiency	
Cash grants	×
Tax incentives	×
Other instruments	×
Other	
Cash grants	×
Tax incentives	×
Other instruments	×

The energy crisis in Europe has prompted and accelerated Lithuania’s efforts for energy independence. The objective is to meet 100% of the demand for electricity from domestic renewable energy sources by 2028.

In 2025, Lithuania will disconnect from the BRELL circuit and synchronise its electricity capacity with the European electricity systems. Purchasing nuclear power from the Belarusian Astravets Nuclear Power Plant, built on the Lithuanian border, is prohibited by law, thus balancing is planned to take place through high-capacity energy storage, synchronisers, hybrid power plant models and other means.

The electricity transmission network is currently estimated to meet the generation and transmission capacity.

Focus of Lithuania's energy policy

Lithuania is essentially fossil fuel-free and transformed most of its house heating to a biofuel-based heat generation model more than a decade ago. In 2022, “Proveržio paketas” (“Breakthrough Package”) was adopted, significantly easing the conditions for the development of renewable energy sources and speeding up all required procedures to implement new renewable energy

power plants. Offshore wind auctions are underway for 2023, which will add around 1.5 GW of additional capacity, while onshore projects of sizable capacity are already in place.

This allows us to expect that Lithuania will generate all of its electricity from renewable sources (wind and solar) around 2026-2027.

Lithuania provides legislative facilitation for large-scale power parks. Neither spatial planning documents nor a change in land purpose are required. Renewable energy facilities are considered to be objects of higher-priority public interest. All recent and current parks have been developed and built without state support and by selling the generated energy at market price on the stock exchange.

Financial support for energy production facilities (for renewable sources only), the modernisation of polluting sources and industries, and the renovation of multi-residential buildings is allocated according to separately announced support measures and implementation periods.

Lithuania provides various forms of incentives for renewable energy generation and energy efficiency projects: cash grants, tax incentives, subsidised loan programmes including loan guarantees and interest compensation. All of these incentives are available year-round as part of the legal system, with the exception of cash grants. Cash grants are limited to the availability of the designated budget.

Key investment promotion tools

Cash grants

- Cash grants are made available through calls for proposals with different objectives, measures and funding periods. For example, a non-repayable grant of around 30-40% is provided for the replacement of heating systems, the acquisition of equipment for electricity ge-

neration on sites and in remote parks, energy efficiency programmes for buildings, etc

- The state continuously finances 50% of the cost for connecting renewable energy installations to the electricity grid for consumers and for small and medium-sized businesses operating as energy-generating consumers

Tax incentives

- Renewable energy producers (energy-generating consumers) are exempted from the entire tax on Services Implementing Public Interest
- Some regions of the country have reduced land and property taxes on renewable energy facilities

Other tools

- Legislation provides for the possibility to install solar and wind farms on non-urbanised agricultural land without changing its purpose and without the need to prepare spatial planning documents
- Renewable energy facilities are recognised as objects of higher priority public interest, making the environmental impact assessment procedures exceptionally shortened and simplified
- A loan model for the development of renewable energy power plants is being implemented. The model enables loans at lower interest rates

Luxembourg

Ina Nötzel
Partner
Member Firm in Luxembourg
ina.noetzel@lu.andersen.com



Renewable energy

Cash grants	×
Tax incentives	×
Other instruments	×

Energy efficiency

Cash grants	×
Tax incentives	×
Other instruments	×

Other

Cash grants	×
Tax incentives	×
Other instruments	×

Luxembourg provides various incentives to promote renewable energy generation and energy efficiency projects. In addition to cash grants and tax incentives, subsidised loans are also available. Tax incentives are consistently accessible throughout the year, whereas cash grants are contingent on the availability of the allocated budget for the specific call, rendering them time sensitive.

Focus of Luxembourg's energy policy

The Integrated National Energy and Climate Plan (hereinafter, “the Plan”) serves as the foundation for Luxembourg’s climate and energy policy. It outlines measures to achieve ambitious national targets by 2030, including a 55% reduction of greenhouse gas emissions, a 25% use of renewable energies, and a 44% improvement in energy efficiency.

As outlined in the Plan, Luxembourg’s goal is to achieve a complete decarbonisation of heating systems in buildings. Initially, this will be pursued voluntarily with financial support. If these voluntary efforts prove insufficient, only heating installations utilising a minimum of 70% renewable energy will be permitted. This necessitates a substantial expansion of wind and solar energy infrastructure, along with the adoption of heat pumps.

To realise the ambitious objectives outlined in the Plan, Luxembourg provides various incentives in the form of subsidies, tax credits and interest rate reductions.

Key investment promotion tools

Cash grants

- A variety of subsidies are available to support investments in projects aimed at improving energy utilisation and promoting the use of renewable energy sources. These subsidies are contingent on the specific financial support programme chosen and the specific conditions associated with it. They encompass a wide range of initiatives, including, for instance, solar thermal or photovoltaic systems, heat pumps or wood-fuelled boilers for buildings located in Luxembourg. Additionally, businesses can access different subsidies for various investments in energy efficiency measures or the production of energy from renewable energy sources
- The SME Packages Sustainability aid scheme offers incentives to small and medium-sized enterprises (SMEs) for investing in measures that significantly reduce their environmental impact. These measures include enhancing energy efficiency and generating energy from renewable sources. Eligible costs encompass various investments for tangible assets such as specific machinery and equipment, investment in photovoltaic panels for own consumption, and the extension/renovation of buildings used for craft or commercial activity

Tax incentives

- Currently, tax credits apply to investments in assets, including those related to energy efficiency and renewable energy production. In July 2023, a draft law was published with the aim of extending the regulations governing investment tax credits. This extension is intended to support Luxembourg companies in their digital and ecological/energy transformation. Notably, it proposes an increased applicable rate (18%) and the inclusion of various operating expenses associated with the ecological/energy transformation

Other tools

- Interest aid is available for mortgage loans contracted to enhance the energy efficiency of existing residences in Luxembourg, provided they are used as primary and permanent residences.
- An accelerated depreciation rate for investment expenditures related to sustainable energy renovations is accessible for buildings designated for rental housing.
- A super-reduced VAT rate of 3% is applied to:
 - Real-estate renovation work, including work related to energy efficiency and renewable energy (subject to conditions).
 - Real-estate work that involves the supply and installation of solar panels on private residences and dwellings used for activities of general public interest, such as hospitals or schools.

Malta

Steve Muscat Azzopardi

Head of Tax and Corporate Services

Collaborating Firm in Malta

steve@ccmalta.com



Renewable energy

Cash grants	×
Tax incentives	○
Other instruments	○

Energy efficiency

Cash grants	×
Tax incentives	×
Other instruments	○

Other

Cash grants	×
Tax incentives	×
Other instruments	○

As an island nation lacking any form of natural energy resources, Malta is particularly aware of the importance of instilling a nation-wide drive towards generating renewable energy and the efficient management of energy. Moving away from the reliance on heavy fuel oil with the long-term aim to follow in the footsteps of the European Green Deal and achieving climate-neutrality by 2050, several incentives have been implemented to help promote such objectives, particularly programmes that encourage energy renewability and efficiency through cash grants and tax incentives.

Focus of Malta's energy policy

The national thrust towards clean energy production through renewable sources is paralleled by the active pursuit of energy efficiency measures that reduce the overall domestic energy demand, both in the private and the commercial sectors.

Key investment promotion tools

Renewable energy

Malta's geographical location and Mediterranean climate allows solar energy to be the most optimal and efficient energy source naturally available and has been the subject of major schemes promoting domestic conversion to renewable sources. The Renewable Energy Sources (RES) Scheme was first launched in 2021, encouraging a collective effort in generating renewable energy throughout the country.

Following the scheme's initial success and Malta's long-term vision to reach climate neutrality by 2050, the RES continues to be renewed annually, presently extended till the end of December 2023. The scheme offers a cash refund for the eligible costs of photovoltaic installations; the refundable percentage fluctuates based on the PV system used and applies for all private individuals and organisations do not performing any economic activity.

Energy efficiency

Investments in energy-efficient solutions are locally promoted through a variety of cash grants and tax incentives, such as the Investment Aid for Energy Efficiency Projects. The scheme awards investments in energy consumption reduction systems through a cash grant or a tax credit, assisting undertakings that contribute directly towards a reduction in overall energy requirements.

Such projects may include the substitution or upgrading of equipment to reduce energy consumption, the renovation or upgrading of equipment for heating or cooling systems, or the general improvement of the energy efficiency of existing illumination systems.

Furthermore, the Smart and Sustainable Investment Grant promotes investments refundable through cash grants or a tax credit; this extends the purview of investments that ultimately improve energy efficiency to include power-reduction solutions, such as the improvement of the insulation of buildings, installation of double glazing, solar film, or solar tubes, and investment in the cogeneration of heat and power and geothermal installations.



Poland

Elzbieta Lis
Partner
Member Firm in Poland
elzbieta.lis@pl.andersen.com



Renewable energy

Cash grants	×
Tax incentives	○
Other instruments	×

Energy efficiency

Cash grants	○
Tax incentives	×
Other instruments	×

Other

Cash grants	×
Tax incentives	×
Other instruments	○

There are a lot of different types of programmes for entrepreneurs to help them make investments to improve energy efficiency, including programmes at the European level.

However, the main assumptions are not based on tax credits and possible exemptions; support is mainly based on financial instruments that allow for the financing of innovative investments that can improve energy efficiency.

It should be noted that the selection of eligible entities is based primarily on the presentation of a project for a given investment, which is evaluated per a scale adopted for the program.

Key investment promotion tools

Energy Plus

- The aim of the programme is to reduce the negative impact of companies on the environment, including the improvement of air quality, by supporting investment projects
- Forms of support: grants or loans for photovoltaics. The implementation period of the project must be in line with the deadlines of this programme, and the project itself must have a positive impact on the environment, e.g. by reducing harmful emissions into the atmosphere, for which quality points are awarded in the application process
- Beneficiaries: Entrepreneurs within the scope of the Polish Entrepreneurs Act

Thermal insulation bonus

- The aim of this programme is to support the implementation of investments aimed at reducing the energy consumption of individual properties by carrying out thermal renovations that lead to a reduction in energy demand. The thermal refurbishment bonus is granted to investors for implementing the thermal refurbishment project and represents a repayment of the loan taken out by an investor. The basic amount of the bonus is 26% of the cost of the thermo-modernisation project .(It can also be increased by grants.) The bonus is granted only for investments financed by means of a loan, it does not apply to those who carry out the investment exclusively with their own funds. The programme is implemented by the Polish Development Bank
- Beneficiaries can be, among others, commercial companies, local government units and cooperatives

Businessmax Loan Repayment Guarantee (free of charge)

- The aim of the Businessmax guarantee is to support the development of companies in the SME sector, particularly innovative and eco-efficient companies. Obtaining a guarantee gives the opportunity to obtain a subsidy to reimburse the interest paid (if the guaranteed loan is used correctly). The guarantee can be up to 80% of the loan amount, with a maximum loan amount of EUR 2.5 million. The application must include a plan for the investment project to be financed by the guaranteed loan. Projects must include innovations of an environmental nature, such as the circular economy, electromobility, renewable energy sources, energy storage, etc
- Beneficiaries: Entrepreneurs in the SME sector



Innovations for the Environment – the forms of support here are a subsidised loan and an innovation bonus (through the cancellation of final loan instalments) in the event that the contractual effect is duly achieved

- The aim of the Innovation for the Environment Programme is to use innovative technologies in the field of environmental protection that contribute to achieving the objectives of the European Green Deal, including climate neutrality, greening of the economy and sustainable development. Eligible costs include, inter alia, the costs necessary to implement the project and to achieve a specific environmental effect through the project
- Loan amounts range from PLN 1,000 to PLN 300,000
- Beneficiaries may be entrepreneurs within the scope of the Polish Entrepreneurs Act

Green Loan - FENG Programme for Greening Enterprises

- A subsidy for companies wishing to modernise their infrastructure (e.g. buildings, machinery and equipment). The modernisation must result in a reduction of primary energy consumption in the modernised area by at least 30% compared to current consumption. Selection criteria are based on the analysis of the investment project, including the achievement of the targeted energy savings
- The level of co-financing can range from 25% to 80% depending on the type of expenditure.
- The programme is managed by the Polish Development Bank
- Beneficiaries may be entrepreneurs from the SME sector (micro, small and medium-sized enterprises)

FEnIKS program

- An EU programme which provides grants and financial instruments, including to SMEs and large companies, to improve the energy efficiency of businesses and increase the share of

green energy from renewable sources in final energy consumption

- The total budget is around EUR 24 billion, of which around EUR 4.6 billion is for the energy and environment sector
- The funding amounts vary for projects falling under different priorities within this programme, e.g. energy efficiency or renewable energy development. Depending on the priority, different institutions accept applications for funding and set individual deadlines for their submission
- Beneficiaries may be companies, local authorities, owners of residential buildings, etc.

National Reconstruction Plan (KPO)

- Recruitment is carried out through separate projects, some of which are still in the planning stage. Depending on the priority, different institutions accept applications for funding and set individual deadlines for their submission
- The amount of funding is different for each component and for each project planned in this program, e.g. development of hydrogen technology or development of wind farms
- The programme offers grants and loans, including the green energy and energy efficiency component. Investments can be financed up to 100%
- Beneficiaries: The scope of the programme is very wide and many entities will have access to these funds, including entrepreneurs, public institutions and other socio-economic entities

Exemption from excise tax

- The Excise Tax Act provides for an exemption from excise tax on electricity generated from renewable energy sources, on the basis of a document confirming the redemption of a certificate of energy origin, within the scope of the applicable law
- The exemption applies specifically to excise taxpayers on such energy (in particular, distributors)

Slovakia

Dana Škodná

Partner

Collaborating Firm in Slovakia

dana.skodna@wallenberg.sk



Renewable energy

Cash grants ×

Tax incentives ×

Other instruments ×

Energy efficiency

Cash grants ×

Tax incentives ○

Other instruments ○

Other

Cash grants ×

Tax incentives ○

Other instruments ○

In Slovakia, several forms of incentives for renewable energy generation and energy efficiency projects are available (cash grants, tax incentives and priority connection and distribution of renewable energy sources).

Tax incentives are provided year-round since electricity generated from renewable energy sources is exempt from excise tax. Cash grants are limited to the availability of the designated budget of the specific call or may depend on the tender process or auction system where renewable energy projects offering the lowest cost would receive the support. Priority connection and distribution of electricity or biomethane from renewable energy source is limited by the available capacity of the relevant transmission or distribution network.

The cash grants are provided in different forms, such as a feed-in tariff for the producers of electricity from renewable energy producers, purchase of electricity from renewable energy sources, and vouchers for the installation of small renewable energy facilities.

Slovakia has set a high decarbonisation target for 2050, by when it aims to achieve climate neutrality. That implies emissions reduction of at least 90% compared to 1990 levels.

Slovakia's target to lower emissions is a 55% reduction by 2030 compared to 1990 levels.

Slovakia aims for 19% renewables in final energy consumption and 27% from the electricity sector by 2030.

Focus of Slovakia's energy policy

The energy crisis has accelerated the transformation of the Slovak energy sector. By 2030, the country's main goal is to achieve energy sovereignty via the increased use of nuclear energy and renewable energy. Slovakia is planning to connect the fourth reactor of the nuclear plant in Mochovce to the electricity grid.

At present, a feasibility study of a small nuclear modular reactor is being performed. Two coal power plants in Nováky and Vojany will be disconnected from the grid or partly transformed into renewable energy fuels.

New measures include simplifying environmental permitting processes, promoting renewable energy sources, e.g. by creating two pilot zones for wind energy development (in Galanta and Piešťany), making better use of geothermal energy, processing biowaste (e.g. support of biomethane production), production of hydrogen, modernising transmission lines, and investing into regional distribution networks (e.g. heat distribution system for district heating). Such support is aimed at helping the country reach its goals of decarbonisation, renewable energy sources, energy efficiency and network interconnection.

Slovakia is providing incentives to promote the above energy transformation via several cash grant programmes financed from EU funds (such as the programme "Our Slovakia" based on several EU funds, the RRF and the Modernisation Fund) as well as the Slovak state budget.

Slovakia uses several sources for the production of electricity. Non-renewable sources of electricity are dominant, namely nuclear energy, which ma-

kes up the overwhelming majority of the country's electricity production.

Hydroelectric power plants are an important producer of electricity as well, primarily the Čierny Váh and Gabčíkovo power plants.

Although Slovakia can cover most of its consumption from domestic sources, it is not energy self-sufficient. In recent years, the country has been dependent on the import of electricity, especially from the Czech Republic and Austria.

As for the energy obtained from commonly used sources, there is a consumption of fossil fuels, especially coal and natural gas. Green energy sources, i.e. from water, sun, wind and biomass, are, however, achieving an increasing share.

Key investment promotion tools

Cash grants

- Feed-in tariff, as follows:
 - a) Surcharge (doplatok) paid to the producers of electricity from renewable energy sources or high-efficiency cogeneration. The surcharge is calculated as the difference between the price regulated by the regulatory authority and the purchase price paid by the short-term electricity market operator (OKTE). The surcharge is paid to the producers upon a price settlement performed by OKTE on a regular basis. The Ministry of the Economy publishes a maximum output for new renewable energy sources with the right for this support on an annual basis
 - b) Premium (príplatok) paid to the producers of electricity from renewable energy sources or high-efficiency cogeneration. The premium is calculated as the difference between the price offered by the producer and the purchase price paid by OKTE. The Ministry of the Economy may organise

a tender procedure in order to select the producers eligible for this support. However, until now no tender has been organised

- Purchase of electricity from renewable energy sources or high-efficiency cogeneration by the purchaser selected by Slovakia's Ministry of the Economy (i.e. the company Slovenský plynárenský priemysel, a.s., the state-owned energy supplier). The purchase price is calculated as the market price minus regulated costs incurred by the purchaser (e.g. fees paid for allocated and not used electricity). The purchase price is paid upon settlement of the price and costs, performed by OKTE on a regular basis. The producer may apply or waive this right for support applicable for next calendar year upon sending a notification to OKTE
- Vouchers constitute a financial support scheme provided to producers of electricity from renewable energy sources (such as photovoltaic and solar panels or thermal pumps). This has also been available for businesses from July 2023
- Several grant schemes are available typically on an ad-hoc basis, in line with the national development plans, and some calls are subject to the auction with the lowest cost as winner of auction. Recipients of the support can benefit from non-refundable cash sources aimed at supporting investment into the construction of renewable energy sources (e.g. geothermal energy) and their use in energy systems, including support for the construction of heat distribution systems for district heating, increased energy efficiency in plants, lower energy consumption of buildings, etc.

Tax incentives

- Electricity generated from renewable energy sources is exempt from excise tax under the condition that a guarantee of origin for electricity made from renewable energy sources is-

sued by OKTE (electricity) or the state-owned Slovenský plynárenský priemysel, a.s. (biomethane)

Other tools

- Support is available for priority connection and distribution of electricity from renewable energy sources into the electricity transmission network and of biomethane into the gas distribution network. The company Slovenský plynárenský priemysel, a.s., the state-owned energy supplier and operator of gas distribution lines, will refund 75% of investment costs for a biomethane connection line built by the operator of a biomethane production plant (up to 4 km)

Spain

Mar Guardiola
Director
Member Firm in Spain
mar.guardiola@es.andersen.com



Renewable energy

Cash grants	○
Tax incentives	×
Other instruments	○

Energy efficiency

Cash grants	○
Tax incentives	×
Other instruments	○

Other

Cash grants	○
Tax incentives	×
Other instruments	○

Due to the growing environmental concern and the change of perspective regarding the means of production and how to obtain resources for its development, both the European Union and Spain have incorporated into their regulations specific measures focused on the deployment of the use of renewable energy.

Focus of Spain's energy policy

By 2030, the Spanish government plans for renewable energy to contribute to more than 80% of electricity consumption. To this end, several incentives are being implemented in line with European policies that seek to increase the use of these power supplies and improve energy efficiency.

The construction of wind farms, the installation of photovoltaic plants, large items of the Next Generation fund, direct aid programmes to the Autonomous Communities, subsidies, tax incentives for companies and individuals, are all examples of the actions adopted by Spain in its objective of accelerating the country's transition towards a totally green country.

Key investment promotion tools

Tax Incentives

- Investments made by companies in facilities intended for the self-consumption of electrical and thermal energy from renewable sources may benefit from the freedom of amortization contemplated in the Corporate Income Tax

(CIT), provided that the facilities are set up in 2023 and the average workforce is maintained during the 24 months following the acquisition of the investment elements. The maximum amount of the investment that can benefit from the freedom of amortization is EUR 500,000 regardless of the investment made. In addition, companies engaged in researching and developing new ways of obtaining energy from renewable sources may benefit from a deduction of the full amount of CIT of 25% of the expenses incurred in the tax period for research and development expenses and 8% of investments in tangible and intangible fixed assets related to these activities, except land and buildings. In case of technological innovation, the deduction will be 12%.

- Regarding the Personal Income Tax (PIT), consumers who install solar panels before 31 December 2023 may benefit from a deduction of 20% of the investment made for their installation, with a maximum amount of EUR 5,000 per year. In some cases, the deduction may be extended up to 40% or even 60% of the investment or up to the limits of EUR 7,500 or EUR 15,000 per year, respectively. Likewise, consumers who acquire an electric vehicle not affected by an economic activity between 28 June 2023 and the end of 2024, may deduct from their PIT 15% of the money paid, being the maximum deductible base of EUR 20,000. Finally, people who install a battery recharging system for electric vehicles in a property may deduct 15% of the installation with a maximum deductible amount of EUR 4,000 per year.



Switzerland

Tiziano Ballinari

Partner

Member Firm in Switzerland

tiziano.ballinari@ch.andersen.com



Renewable energy

Cash grants	×
Tax incentives	×
Other instruments	×

Energy efficiency

Cash grants	×
Tax incentives	×
Other instruments	×

Other

Cash grants	×
Tax incentives	×
Other instruments	×

Switzerland has adopted various policies and programmes to promote energy efficiency and the use of renewable energy. These programmes may vary between the different 26 cantons and levels of government, so it's important to check specific initiatives in each canton or region.

Focus of Switzerland's energy policy

In Switzerland, the “Energy Strategy 2050” is in place to achieve climate neutrality by the year 2050. The Swiss people approved the principles and objectives of this strategy in a vote in June 2023. The “Energy Strategy 2050” policy focuses on several key areas.

Switzerland aims to increase its reliance on renewable energy sources such as hydropower, solar energy, wind energy, and biomass. The country has a strong tradition of hydropower generation, and it continues to invest in expanding its capacity while also promoting the growth of other renewable sources.

Energy efficiency is a major priority in Switzerland's energy policy. The country aims to reduce energy consumption through various measures such as improving building insulation, upgrading industrial processes, and promoting energy-efficient appliances and technologies.

Switzerland has a policy in place to gradually phase out nuclear power. After the Fukushima disaster in 2011, there was a significant shift in public

opinion against nuclear energy, and the government decided not to replace existing nuclear power plants after the end of their operational lifetimes.

Switzerland has set targets to reduce greenhouse gas emissions in line with international agreements. This includes efforts to transition to cleaner energy sources and technologies to help mitigate climate change.

Switzerland places a strong emphasis on research and innovation in the energy sector. The country supports the development of new technologies and solutions that can contribute to a more sustainable and secure energy future.

Switzerland promotes electric mobility by offering incentives for electric vehicles and expanding its charging infrastructure. This is part of the country's broader strategy to reduce emissions from the transportation sector.

Switzerland also actively participates in international energy cooperation and initiatives. The country collaborates with neighbouring countries and international organisations to address energy challenges and share best practices.

Key investment promotion tools

Financial support

- In many cases, Switzerland offers financial incentives to encourage investments in clean energy technologies such as solar panels, cogeneration systems, thermal insulation, and efficient heating systems. These incentives can take the form of grants, low-interest loans, or direct contributions.

Tax deductions

- Some Swiss cantons offer tax deductions for expenses incurred for energy improvements in private homes or businesses. These deductions can cover a portion of the costs

for purchasing and installing efficient energy equipment and technologies.

Energy certification programmes

- Some cantons require energy certification of buildings at the time of sale or rental. This encourages owners to improve the energy efficiency of their buildings and provides potential buyers or tenants with information about the energy performance of properties.

Incentives for sustainable mobility

- Switzerland also promotes sustainable mobility by offering incentives for the purchase of electric or hybrid vehicles, as well as for the installation of charging infrastructure.

Renewable energy contributions

- In some cantons, incentives and funding are available to promote the use of renewable energy sources such as solar, wind, and hydroelectric power.

Training and education programmes

- Some programmes aim to raise public awareness about the importance of energy efficiency and renewable energy through training and educational initiatives.

United Kingdom

Huw Griffiths

Director

Member Firm in United Kingdom

huw.griffiths@uk.andersen.com



Renewable energy

Cash grants	×
Tax incentives	×
Other instruments	○

Energy efficiency

Cash grants	×
Tax incentives	×
Other instruments	○

Other

Cash grants	○
Tax incentives	×
Other instruments	○

The UK government has been a strong supporter of increasing the use of renewable energy which is the fulcrum of the government's policy for the country to be a net zero economy by 2050. This policy is supported by all of the leading political parties and so is expected to be continued if there is a change in government following the next general election (anticipated to be in December 2024).

Around EUR 35 billion of funding commitments have been made to achieve this aim – mainly for support for carbon capture, usage and storage projects (CCUS) and energy efficiency projects. There is almost EUR 6 billion of funding available to help UK businesses to support renewable energy and energy efficiency projects.

Previous attempts to use the tax system to provide targeted support for the production and consumption of renewable energy and energy-efficient production have been found to be ineffective, as often the complexity of rules deterred businesses from availing of these fiscal incentives; however, some incentives remain in place. Other financial incentives are also available to encourage the usage of renewable energy, such as the ECO4 scheme and the Smart Export Guarantee.

Focus of UK's energy policy

With the UK intending to attain net zero by 2050, a critical aspect of the strategy is to transition to an electricity system with 100% zero-carbon ge-

neration, with renewable energy accounting for a large portion of this. Wind, solar, hydroelectric, and biofuel are the four primary renewable energy sources used to power the UK.

They generate electricity by harnessing the sun's natural power, the weather, waterways and tides, and organic materials. 2020 was the first year in UK history that electricity was primarily produced via renewable energy, with 43% of power coming from a combination of wind, solar, bioenergy, and hydroelectric sources.

The UK currently has the world's largest operational offshore wind farm project, Hornsea 2, as well as the second, third and fourth largest operational offshore wind farm projects in the world.

Key investment promotion tools

Cash grants

- The Industrial Energy Transformation Fund is designed to help businesses with high energy use to cut their energy bills and carbon emissions through investing in energy efficiency and low carbon technologies. Details of the third phase, being launched in early 2024 will be released later in 2023
- ECO4 (Energy Company Obligation) began on 1 April 2022 and will last through 31 March 2026. The government has allocated EUR 5 billion to improve the energy ratings of UK homes and reduce carbon emissions. ECO4 enables low-income households to replace inefficient heating systems with more efficient and environmentally friendly systems, such as solar PV panels. Qualified homeowners will save roughly GBP 290 on their annual energy expenditures. It is projected that the ECO4 will improve around 450,000 houses
- The Smart Export Guarantee allows small-scale, low-carbon electricity generators to be financially compensated for any excess energy exported back to the grid. With this incentive, solar panels are an excellent form of a green

home renovation project. Under the SEG, all households with conventional solar panel installations (up to 5MW capacity) are eligible

Tax Incentives

- The Climate Change Levy (CCL) is an environmental tax on commercial electricity and gas use. Businesses using renewable energy sources, such as solar, wind, and hydro, are eligible for a reduced or exempt rate of the Climate Change Levy
- Some renewable energy systems may be eligible for lower VAT rates. For example, domestic solar panels and energy storage systems are subject to a 5% VAT reduction. The renewables VAT was 5%, which was already low but has now been fully eliminated. Aside from solar panels, the 0% VAT applies to other energy-saving materials such as heat pumps, biomass boilers, insulation, and more
- Businesses owning and using electric cars are eligible for a 100% capital allowance, meaning they can effectively claim a full deduction against taxable profits during the period of acquisition; accelerated capital allowances are not available for internal combustion engine cars. Furthermore, a taxable benefit in kind arises for an employee where their employer provides them an electric vehicle. The annual benefit in kind charge on an electric car is 2% of its list price for the tax year ended 5 April 2024. This compares favourably with internal combustion engine cars, which give rise to an annual benefit in kind charge of between 15% and 37% depending on the vehicle's CO2 emissions

This guide provides an overview, compiled by the member and collaborating firms of Andersen Global.

Andersen Global is a Swiss verein comprised of legally separate, independent member firms located throughout the world providing services under their own names. Andersen Global does not provide any services and has no responsibility for any actions of the Member Firms or collaborating firms. No warranty or representation, express or implied, is made by Andersen Global, its Member Firms or collaborating firms, nor do they accept any liability with respect to the information set forth herein. Distribution hereof does not constitute legal, tax, accounting, investment or other professional advice.

The opinions and analyses contained herein are general in nature and provide a comprehensive but not detailed overview of the available Renewables and Energy efficiency tax incentives in the listed countries. The information herein does not take into account an individual's or entity's specific circumstances, characteristics of its business or applicable governing law, which may vary from jurisdiction to jurisdiction and be subject to change at any time. The Member Firms and collaborating firms of Andersen Global have used best efforts to compile this information from reliable sources. The current document has been prepared in accordance with the applicable legislation effective at the time of writing and does not qualify as official tax advice. Recipients should consult their professional advisors prior to acting on the information set forth herein.